

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HR 214

March 7, 2020

SUMMARY OF BILL: Urges the Department of Education (DOE) to begin enrolling students in the Tennessee Education Savings Account (ESA) Pilot program no earlier than the 2021-22 school year.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures – \$39,113,000/FY20-21

Assumptions:

- Current law pursuant to Public Chapter 506 of 2019 requires DOE to begin enrolling participating students no later than the 2021-22 school year.
- The proposed resolution urges DOE to not begin enrolling students until the 2021-22 school year, but does not make any changes to current law.
- The Governor's proposed budget for FY20-21 funds the ESA program with \$41,880,100.
- Costs related to the administration of the ESA program, including system programming, personnel, travel, and equipment are estimated to increase state expenditures \$2,767,144 in FY20-21 under current law; these expenditures cannot be avoided by delaying implementation one year.
- In the event enrollment does not begin until FY21-22, there will be a shift in expenditures from FY20-21 to FY21-22.
- Therefore, state expenditures will decrease by \$39,112,956 (\$41,880,100 - \$2,767,144) in FY20-21.
- If ESA is not implemented until FY21-22, local education districts (LEAs) will continue to receive the funds in FY20-21 that they had previously been receiving, resulting in a possible increase of local funding over what would happen in an ESA; however, LEAs will also have students to educate.
- It is estimated that the expenses to educate the students will be offset by the revenues, resulting in a net zero effect.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

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